



State of Washington  
**PUBLIC DISCLOSURE COMMISSION**

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112  
Toll Free 1-877-601-2828 • E-mail: [pdcc@pdcc.wa.gov](mailto:pdcc@pdcc.wa.gov) • Website: [www.pdca.wa.gov](http://www.pdca.wa.gov)

1:00 p.m.  
January 23, 2006

**MINUTES – SPECIAL MEETING**

Evergreen Plaza Bldg. Room 206  
711 Capitol Way South  
Olympia, Washington

**COMMISSION MEMBERS PRESENT**

Earl Tilly, Chair  
Jane Noland, Vice Chair  
(Departed at 3:30 pm)  
Michael Connelly, Member  
Ken Schellberg, Member

**STAFF PRESENT**

Vicki Rippie, Executive Director  
Doug Ellis, Assistant Director  
Michael Smith, Chief Technology Officer  
Nancy Krier, Senior Counsel  
Linda Dalton, Sr. Asst. Attorney General  
Chip Beatty, Secretary

The special meeting of the Public Disclosure Commission was called to order by Commission Chair Earl Tilly at 1:00 p.m. in the Evergreen Plaza Building, Room 206, Olympia, Washington.

**Commissioner Comments**

Commissioner Schellberg commented that he is interested in having the Commission consider whether the penalty schedules should be modified for those candidates seeking and officials holding unpaid positions. He also said that he is looking at the feasibility of mailing warning notices and stipulations sent by certified mail. He asked that these items be brought to the Commission for discussion at a future meeting.

**Citizen Comments/Concerns**

No citizen comments or concerns were expressed.

Minutes

**Motion 06-072**

Moved by Commissioner Schellberg, seconded by Commissioner Noland:

**The Commission adopts the minutes of November 30, 2005, as written.**

The motion passed unanimously.

Rule Making

Electioneering Communications

Vicki Rippie summarized continuing staff efforts to implement ESSB 5034, Electioneering Communications. The Commission agreed to proceed as indicated below.

Group 1 – Proceed with changes:

Item A. WAC 390-16-060 – forms for report of independent expenditures & electioneering communications (C-6 form)

Item B. Draft New Rule Defining “Periodical”

Item C. Draft New Rule Defining “Debate or Forum”

Item D. Draft New Rule Defining “Public Service Announcement”

Group 1 – Proceed as drafted:

Item E. Draft New Rule Explaining Electioneering Communications Exclusions

Item F. WAC 390-17-030 – Slate Cards and Sample Ballots

Item G. Draft New Rule Defining “General Treasury Funds”

Group 2 – Proceed as drafted:

Item I. Draft Rule Regarding Contribution Limits and Electioneering Communications

Item K. Draft Rule Defining “Member”

Item L. WAC 390-05-210 – Draft Amended Rule to Address Electioneering Communication and Coordination

Item M. Draft Rule Regarding Exemptions from Filing

Group 2 – Revise for February meeting:

Item H. Draft Rule Defining “Source of Funds”

Item J. Draft Rule Regarding Sponsors, How to Calculate the Reporting Threshold, and When Reporting is Required

#### Campaign Registration

Doug Ellis briefly summarized draft rule amendments to the campaign registration statements for political committees and candidates.

If approved staff will file the CR 102 Proposed Rule-Making notice with the Code Reviser’s Office and a public hearing will be scheduled for March 23, 2006.

#### **Motion 06-073**

Moved by Commissioner Connelly, seconded by Commissioner Schellberg:

**The Commission approves draft language amending WAC 390-16-011 Forms – Registration Statement for Political Committees and WAC 390-16-012 Forms – Registration Statement for Candidates.**

The motion passed unanimously.

#### Executive Session

The Commission went into executive session at 3:30 p.m. to discuss pending and potential litigation with legal counsel.

#### Public Session

The Commission returned to public session at 3:42 p.m.

#### Staff Reports

##### Executive Director

Vicki Rippie reported that staff has been working with legislators to promote passage of the Penalty Inflationary Adjustment legislation. She also noted that agency spending to date is currently less than anticipated and a portion of that surplus will possibly

be used for a temporary employee to assist with IT projects.

Assistant Director

Doug Ellis briefly discussed the current status of compliance cases. He thanked the Commission for the opportunity to attend the recent COGEL Conference in Boston and summarized highlights of the conference activities.

Chief Technology Officer

Michael Smith updated the Commission on the status of the ORCA project. He also thanked the Commission for the opportunity to attend the COGEL Conference and stated that the persons attending the ORCA demonstration were excited with the new program.

Professional Staff

Doug Ellis stated that the Public Disclosure Law requires professional staff of the House, Senate and Office of the Governor to file an annual Financial Affairs Statement. The Commission is required to conduct a review of these professional staff positions each year. The House, Senate and Governor's office have submitted a list of persons and positions they believe meet the requirements of professional staff.

**Motion 06-074**

Moved by Commissioner Schellberg, seconded by Commissioner Connelly:

**The Commission approves the lists of professional staff required to file Personal Financial Affairs Statements as proposed by the Governor's Office, House of Representatives and State Senate.**

The motion passed unanimously.

Legislation

Vicki Rippie updated the Commission on pending legislation that may impact chapter 42.17 RCW.

Reporting Modifications

Renewal (No Change)

*International Brotherhood of  
Electrical Workers Local 77 PAC*

Kurt Young reported that the International Brotherhood of Electrical Workers Local 77 PAC requests an exemption from reporting individual contributor addresses.

Kelly McGuire and Jim Nelson were present and certified that the information in the request is accurate.

**Motion 06-075**

Moved by Commissioner Connelly, seconded by Commissioner Schellberg:

**The Commission grants International Brotherhood of Electrical Workers Local 77 PAC a partial reporting modification.**

**The Commission finds that literal application would cause a manifestly unreasonable hardship on the applicant and that a limited modification would not frustrate the purposes of the law.**

The motion passed unanimously.

Enforcement Matters

Reconsiderations

*Patrick O'Brien, Case #06-061*

Kurt Young reported that a brief enforcement hearing was held on September 14, 2005, in which Mr. O'Brien was found in violation of RCW 42.17.040 for failing to timely file a Candidate Registration form and RCW 42.17.240 for failing to timely file a Statement of Financial Affairs. He was assessed a \$200 civil penalty. Both reports were filed on September 8, 2005.

Mr. O'Brien provided a letter and participated by telephone. He explained that he believed he was not required to file reports until he began actively soliciting campaign contributions.

There was no motion to reconsider this matter.

*Danna Daily, Case #06-029*

Kurt Young reported that a brief enforcement hearing was held on September 14, 2005, in which Ms. Daily was found in violation of RCW 42.17.040 for failing to timely file a Candidate Registration form and RCW 42.17.240 for failing to timely file a Statement of Financial Affairs. She was assessed a \$300 civil penalty.

Ms. Daily provided a letter stating that she had attempted to withdraw from the race and thought that since she had withdrawn that she was not required to file.

**Motion 06-076**

Moved by Commissioner Connelly, seconded by Commissioner Schellberg:

**The Commission vacates the order in PDC Case #06-029, Danna Daily.**

The motion passed unanimously.

*Roger Smith, Case #06-132*

Kurt Young reported that a brief enforcement hearing was held on September 14, 2005, in which Mr. Roger Smith was found in violation of RCW 42.17.040 for failing to timely file a Candidate Registration form. He was assessed a \$150 civil penalty. The Candidate Registration form has not been filed.

There was no motion to review this matter.

*Todd Smith, Case #06-072*

Kurt Young reported that a brief enforcement hearing was held on September 14, 2005, in which Mr. Todd Smith was found in violation of RCW 42.17.040 for failing to timely file a Candidate Registration form and RCW 42.17.240 for failing to timely file a Statement of Financial Affairs. He was assessed a \$300 civil penalty. The forms were filed on September 26, 2005.

Mr. Smith's letter of explanation stated that he was unfamiliar with the law and should be given a warning instead of a fine.

There was no motion to review this matter.

Hearing

*Nick Federici, Case #06-301*

Phil Stutzman summarized the case against Nick Federici for alleged violations of RCW 42.17.150 by lobbying during 2005 without first filing all required L-1 registrations; and RCW 42.17.170 by failing to timely file monthly lobbyist expense reports for 2005 lobbying activities.

Mr. Stutzman outlined the Stipulation of Facts and Violations.

**Motion 06-077**

Moved by Commissioner Connelly, seconded by Commissioner Schellberg:

**In PDC Case #06-301, Nick Federici, the Commission accepts the Stipulation of Facts and Violations.**

The motion passed unanimously.

Nick Federici stated that he had cooperated fully with the investigation, that he had filed his L-1 and L-2 forms late, not out of malice, but due to his inattention to detail. He also said that he was not intentionally trying to withhold information and that he has now hired someone to assist with his reporting requirements.

Executive Session

The Commission went into private deliberations at 4:46 p.m.

Public Session

The Commission returned to public session at 4:50 p.m.

Enforcement Matters

Hearing (cont.)

*Nick Federici, Case #06-301*

Commissioner Connelly stated that the dollar amounts involved on the unreported filings were alarming, that legislative lobbying is not being done as a public service but as a way of making a living and he believes that the Commission needs to be rigorous in enforcing the rules. He also said that another option available to the Commission was referring it to the Attorney General's Office to seek a more substantial fine.

Commissioner Schellberg said that the matter is serious and he believes that a fine along with a possible suspension is in order.

Chair Tilly expressed his concern about the seriousness of the case and his astonishment that Mr. Federici had ignored his filing obligation to such a degree.

**Motion 06-078**

Moved by Commissioner Connelly, seconded by Commissioner Schellberg:

**In PDC Case #06-301, Nick Federici, the Commission finds violations of RCW 42.17.150, by lobbying during 2005 without first filing all required L-1 registrations, and RCW 42.17.170, by failing to timely file monthly lobbyist expense reports for 2005 lobbying activities.**

**The Commission imposes a penalty of \$2,500 and a four month suspension of lobbying activities to be held in abeyance pending no further violations for a period of two years.**

The motion passed unanimously.

Adjournment

Chair Tilly adjourned the meeting at 4:55 p.m. The next meeting is scheduled for Thursday, February 23, 2006.

Approved by the Commission 2/23/06